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C O N F I D E N T I A L CANBERRA 000163

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E.O. 12958: DECL: 02/17/2019
TAGS: [MARR](#) [MCAP](#) [PREL](#) [AS](#)
SUBJECT: AUSTRALIAN MILITARY RECRUITMENT FLAT DESPITE POOR
ECONOMY

REF: 2008 CANBERRA 434

Classified By: Political Counselor James F. Cole for reasons 1.4(b) and
(d)

SUMMARY

¶1. (C/NF) Contrary to recent media reports of recruiting increases linked to potentially poor domestic economic performance from the global financial crisis, there has been no change in actual recruiting levels. Systemic personnel issues limit Australian Defence Force (ADF) staffing flexibility, create critical shortages at certain officer levels, and complicate policies targeted to balance career and lifestyle. The ADF continues to fall short on overall recruiting goals by 15 to 25 percent and expects shortfalls in meeting its needs for critical skills, which will be offset at least partially by prolonging retention bonus payments. The ADF is seeking to boost armed forces levels by 2016 from 53,000 to 57,000 through creative advertising and promotional efforts targeted at Generation Y. This planned increase includes increasing Army troops from the current level of 26,500 to 30,000. Increasing the ADF is a strategic necessity for Australian defense planning and in 2006, a budget of more than USD 600 million was allocated to achieve these recruitment goals. In 2007-08, the budget was increased by an additional USD 1.4 billion. Meanwhile, the ADF is turning to reservists to fill more than 1,000 position gaps in the regular forces annually. End Summary.

¶2. (SBU) Commodore Tim Barrett, CSC RAN, Director General of Defence Force Recruiting for the Australian Defence Force (ADF), and Brigadier Gerard Fogarty, AM, the Director General Personnel - Army, recently briefed DAO and POL on ADF personnel and recruiting issues.

ECONOMIC DOWNTURN NOT YIELDING STAFFING BENEFITS

¶3. (C/NF) Despite the negative effects of the global financial crisis on the Australian economy, including gradually rising unemployment, now up to 4.8 percent, ADF recruiting results for its all-volunteer force have not changed, according to Barrett. While recent data shows that applications have increased by more than 20%, this has not translated into actual enlistment increases. He advised that ADF is evaluating both applicant quality and the ability of recruiters to successfully complete the recruitment process. The ADF maintains that they are not an employer of "last resort" and will adhere to standards and policies that keep them an employer of "first choice".

¶4. (SBU) Commodore Barrett and Brigadier Fogarty both indicated that studies have shown no correlation between

downturns in the domestic economy and increases in recruitment. Commodore Barrett indicated that many of the employees now surplus in the automobile industry are second and third generation contract laborers with little interest in moving away from their neighborhoods. He noted that mining workers have already adapted to mobility issues and as mining jobs decline, may be more interested in the stable employment offered by the military over a four- to six-year enlistment.

¶5. (SBU) While recruiting efforts have yielded some success in overall numbers, the ADF is not getting the right mix of skills needed. Thirteen of 150 Army trades are classified as critical, each of which has a three-year training period to reach the desired skill level. Critical skills include engineers, technicians, linguists and medical personnel. In 2006, after several years of failing to achieve personnel

growth targets, more than USD 2.0 billion was allocated to stem attrition through payment of retention bonuses. Bonus payments have been focused on the critical skill sets, including bonuses of US\$42,000 to submariners for an additional 18 months of service and US\$14,000 bonuses to Air Force plumbers, carpenters and electricians for an additional 24 months of service.

SYSTEMIC LIMITS TO GROWTH AND FLEXIBILITY

¶6. (SBU) Brig. Fogarty explained that throughout the 1990's, the ADF was directed to reduce its force levels from a high of almost 70,000 regular forces in 1990. This was accomplished through normal attrition, adjustments to annual recruiting targets, and establishment of rules and policies

that discouraged personnel from remaining in the ADF for long periods. Many of these rules and policies are still on the books, negatively affecting current efforts to improve recruiting and retention. One such policy is the ADF's open-ended enlistment, in place since the 1980's. Service members can resign with six months notice after initial commitment periods of four to six years. Brig. Fogarty expects the ADF will move toward fixed re-enlistment contracts.

¶7. (C/NF) Under current Defence management structure, all Defence civilians and some contractors report to the Secretary of Defence, while uniformed personnel report to the Chief of Defence Force (CDF). To maintain control over management and staffing levels, CDF often uses uniformed personnel for positions that could be filled by civilians, reducing availability of uniformed personnel for other duties. Brig. Fogarty advised that the 2009 Defence White Paper is expected to recommend moving all Defence personnel, including civilians, under the control of the CDF, allowing greater opportunity to optimize the mix of civilian and uniformed personnel. He also advised that the White Paper will surprisingly recommend changes to existing rules that financially penalize movement from uniformed to civilian roles, further increasing staffing flexibility.

OFFICER SHORTAGES

¶8. (SBU) A systemic factor aggravating retention is the promotion system at lower officer levels. Promotions up through two-stripe Corporals are controlled at the Unit Commander level. Privates take approximately 5.7 years to reach Corporal level, while many Privates are only on a four-year enlistment. Consequently, many are leaving at the end of their contract periods without having been promoted, creating shortages at the Corporal level and above. Without a continual supply of new leaders at the Corporal level, leadership voids impact at the lowest unit levels. Increased recruits will not meet long-term officer needs without parallel changes in promotion practices. Brig. Fogarty is discussing different approaches to promotion evaluations with Unit Commanders to increase promotions and reduce attrition

at these levels.

¶9. (SBU) Another shortfall occurs at the mid-level rank of Captain/Major. In 1995, the ADF cut two classes from their regular schedule at Duntroon Royal Military Academy. The impact of this has been to reduce available candidates for mid-level officer positions. Without sufficient officers in the pipeline for these ranks, the ADF has had to offer retention bonuses of USD 40,000 for an additional two years of service. Brig. Fogarty noted that it has taken more than USD 28 million to increase the retention rate for these officers from 91 percent to 93 percent. However, ADF has learned from this experience to target the retention payments more efficiently in the future.

¶10. (SBU) Senior officer compensation rules discourage promotion from O5 to O6. O5 officers are about 38-39 years old and once promoted, would normally serve in just two or three more jobs before moving up or being offered a "golden handshake" of 13 months pay. Most would find it difficult to replicate their ADF compensation package in the private sector and as a result, are not eager to move up - or out of - the ranks.

ATTRITION AND CAREER - LIFESTYLE BALANCE

¶11. (SBU) The five-year rolling average for Army attrition is currently 11.5% with a goal of 10.0%. Both Commodore Barrett and Brig. General Fogarty indicated that ADF retention programs will continue to focus on improving the balance between career and lifestyle, a key reason given in Defence personnel surveys for leaving the military.

¶12. (C/NF) Work lifestyle balance issues may also drive changes to assignment processes and future base rationalizations. Unlike in the past, ADF personnel now change jobs every two years and with many Army bases spread across the country, geographical moves disrupt schooling and employment opportunities for other family members. The 2009 Defence White Paper will include recommendations to extend assignments to three years, with possible back-to-back assignments at one location. Another arrangement will keep the family based in one location with the service member making regular family visits at ADF expense. Another

proposal would have the service member work three weeks at base and return to the family location for the fourth week. The ADF's housing policy will also focus aggressively on home ownership for service members, including home ownership in locations other than work assignment locations.

RECRUITING SUCCESSES AND EFFORTS

¶13. (U) ADF continues to influence potential recruits through many initiatives. A recent Navy TV ad shows 7 days in the Navy in 30 seconds, showing a mix of work and leisure activities, as well as the "mateship" among Navy personnel. It closes with the line - "That was 7 days in the Navy...imagine what you could do in a career." According to Commodore Barrett, the ad was targeted to address key misperceptions about Navy life, such as dull and monotonous work in a lonely environment. The ad was successful in generating twice the number of SMS inquiries than received on previous advertisements.

¶14. (SBU) Commodore Barrett described other media efforts to target potential Gen Y recruits. The Navy recently sponsored a "battle of the bands" to develop a new Navy song and ran the competition through MySpace.com. Blogs will begin following a ship around the world to promote Navy life. Looking forward, Commodore Barrett expects to continue to use Web tools, such as gaming, to attract Gen Y recruits.

¶15. (SBU) Other recruiting efforts target women, Indigenous

persons and certain ethnic groups with a higher propensity to serve in the military. Commodore Barrett identified key barriers to service for each of these groups, as well as policy and process changes needed to remove these barriers. Changes include increasing flexibility to move in and out of the service to meet family needs, strong post-entry mentoring programs, and greater flexibility in directing assignments geographically, such as posting Indigenous recruits in the Northern Territory where they bring localized skills.

RESERVES

¶16. (SBU) Use of ADF Army Reserves, now at a level of about 16,600, for full-time service has now become compulsory. According to Brig. Fogarty, approximately 1,200 regular personnel are away from service at any time, leaving gaps that are filled with Reserve personnel for periods of one to three years. Brig. Fogarty shared that specific long-term goals for the Reserves have not yet been identified.

COMMENT

¶17. (C/NF) COMMENT: The ADF is stretched at many points in management of personnel levels, with no quick or easy fixes. With too few recruits, a mismatch on needs and skills, limited flexibility among civilian and uniformed staffing, and disincentives to remaining with the ADF, the challenges in aligning force levels with strategic requirements are formidable. Simultaneously, ADF is restructuring Force Command and control, creating significant change at senior levels of the service. Rotations have also been extended from six to eight months, adding stress to current service members with possible negative impacts on potential recruits.

However, ADF Senior Officers seem realistic about the difficulties and focused on rectifying barriers to growth. They are using a full range of tools to understand the situation and have developed solutions that indicate significant flexibility with bureaucratic systems and processes. It is a difficult challenge and it is reasonable to expect that it will take some time to achieve their

staffing goals. In the interim, while the U.S. should not expect major changes in the overall level of Australia's defense cooperation, it is possible that Australia may face near-term constraints in its ability to contribute or staff higher-end, specialized functions in joint operations. End Comment.

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